

24. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

BASIC REQUIREMENT

Grantees must have the legal, financial and technical capacity to carry out the proposed program of projects and meet the additional reporting requirements for ARRA funded grant activities.

Because ARRA grants are 100 percent Federally funded, heightened oversight has been implemented. Each of the following questions will be addressed during the course of the related review area.

AREAS TO BE EXAMINED

1. *Technical*
2. *Reporting*
3. *Financial*
4. *Satisfactory Continuing Control*

5. *Procurement*

6. *DBE*

7. *EEO*

REFERENCES

1. [FTA ARRA Website](#)
2. [FTA Master Agreement](#)

USEFUL WEBLINKS

[FTA ARRA Webpage](#)

[Recovery.gov](#)

CORRECTIVE ACTIONS

To develop corrective actions for ARRA deficiencies, refer to the corrective actions for the related questions and discuss with the FTA regional office.

QUESTIONS FOR THE REVIEW

1. *For ARRA funded projects, has the grantee implemented a similar project in the past three years? If no, how does the grantee plan to maintain or increase its technical capacity to ensure project implementation?*

RELATED REVIEW AREA

3. Technical

EXPLANATION AND SOURCES OF INFORMATION

Refer to Section 3 Technical questions 8 and 11 for detailed guidance.

DETERMINATION

The grantee is deficient if it does not have the resources or procedures to implement the ARRA project.

2. *Does the grantee have the necessary resources (this may include but not be limited to staff, financial, technical, etc.) to maintain its current program and implement the additional ARRA projects? If no, how does the grantee plan to acquire the resources?*

RELATED REVIEW AREA

3. Technical

EXPLANATION AND SOURCES OF INFORMATION

Refer to Section 3 Technical questions 1 through 12.

DETERMINATION

The grantee is deficient if it does not have the resources to maintain its current FTA funded program and implement its ARRA funded program.

3. *Does the grantee have adequate resources and procedures to provide additional necessary oversight for subrecipient ARRA projects? If no, how does the grantee plan to acquire the resources?*

RELATED REVIEW AREA

3. Technical

EXPLANATION AND SOURCES OF INFORMATION

Refer to Section 3 Technical questions 11 and 12.

DETERMINATION

The grantee is deficient if it does not have the resources to provide adequate oversight of subrecipients' ARRA funded projects.

4. *Has the grantee amended or revised a non-ARRA grant to eliminate a project similar to one funded in an ARRA funded grant? If yes, please explain and document.*

RELATED REVIEW AREA

3. Technical

EXPLANATION AND SOURCES OF INFORMATION

ARRA program funds cannot be used to replace funds already obligated in an existing FTA grant even if those funds have not been expended. ARRA funds can, however, be used to replace program funds identified in the statewide transportation improvement program (STIP) and transportation improvement program (TIP) but not yet awarded in a grant. For more information on this requirement, see [ARRA Pre-Award FAQs question 21](#).

DETERMINATION

If the grantee amended or revised a non-ARRA grant to eliminate a project similar to an ARRA funded project, it is deficient.

5. *If an ARRA grant has been amended or the budget revised, did the amendment or budget revision comply with FTA's ARRA grant amendment or budget revision procedure?*

RELATED REVIEW AREA

3. Technical

EXPLANATION AND SOURCES OF INFORMATION

Prior to September 30, 2010, FTA allowed amendments to ARRA grants under the following circumstances:

- To add previously unobligated ARRA resources to a grant
- To allow up to 10 percent of ARRA funds to be used for operating assistance
- To allow the addition of a new scope that will be funded using cost savings from bids coming in under the previous estimate

FTA allows budget revisions to ARRA grants under the following circumstances:

- To implement any budget revision that does not require prior FTA approval per FTA C 5010.1D
- To add an activity line item that will be funded using cost savings from bids coming in under the previous estimates

Note: Where a budget revision or amendment is being added as a result of cost savings, documentation should be included in the TEAM-Web grant file. Additionally, in order for adherence to these procedures to be accurately reflected in the grant records, budget revisions and grant amendment activities should be separate actions. Grantees should not combine them in a single amendment.

DETERMINATION

The grantee is deficient if it did not follow the rules for amending or revising an ARRA grant.

6. *Has the grantee submitted its ARRA reports (1512, 1201(c)) on time? Are the grantee's ARRA reports complete?*

RELATED REVIEW AREA

3. Technical

EXPLANATION AND SOURCES OF INFORMATION

In addition to progress reports in TEAM-Web, there are two reporting requirements for ARRA grants.

Section 1512 of the Recovery Act requires reports on the use of funding by a grantee no later than the 10th day after the end of each calendar quarter (beginning the quarter ending September 30, 2009). The first grantee report was due on October 10, 2009 for recipients that were awarded an ARRA grant by September 30, 2009. Recovery Act recipients submit one Section 1512 report for each grant that it has been awarded by the end of the reporting period. Any grantee that was awarded one or more ARRA grants by December 31, 2009 is required to submit a report(s) in January 2010. Once a grantee has disbursed 100 percent of its Recovery Act funds, completed work on the project, and plans to not

amend the grant from which funds have been disbursed, it can note in the next Section 1512 report that it submits that this is the grantee's final Section 1512 report for the grant in question.

The grantee is required to report on its activities and the activities of its subrecipients and vendors. (However, grantees can choose to require their subrecipients to report certain information directly). The White House Office of Management and Budget (OMB) has provided a detailed list of what information should be reported. For more information on this requirement, see [ARRA Reports](#) on the FTA website.

With the exception of jobs reporting, which is on a quarter-by-quarter basis, Section 1512 information should be reported on a cumulative basis from the enactment of the Recovery Act or from the use of pre-award authority after October 1, 2008.

Additional detailed information on this reporting requirement can be found at [Recovery.gov](#). The OMB supplement provides additional information and detailed instructions.

Section 1201 requires grantees to report, in each periodic report, **cumulative** data on funds committed, funds expended and contracts that have been put out to bid, are awarded or underway, or have been completed as well as jobs created and/or retained and state sources of funding since the enactment date of ARRA (February 17, 2009). Any grantee with an ARRA grant obligated by July 31, 2009 was required to submit a section 1201(c) report by August 17, 2009. The next reporting deadline was February 17, 2010 for Recovery Act grants obligated by January 31, 2010. Subsequent reporting deadlines are February 17, 2011, and February 17, 2012.

DETERMINATION

The grantee is deficient if it has not submitted reports on time. The grantee is deficient if its submissions do not include all required information.

7. *Has the grantee submitted its progress reports for ARRA grants on time?*

RELATED REVIEW AREA

3. Technical

EXPLANATION AND SOURCES OF INFORMATION

Grantees are required to submit milestone progress reports for ARRA grants no later than 30 days after each quarter.

DETERMINATION

The grantee is deficient if progress reports for ARRA grants are late.

8. *Do the progress reports for ARRA grants contain the required information?*

RELATED REVIEW AREA

3. Technical

EXPLANATION AND SOURCES OF INFORMATION

Refer to Section 3 Technical question 3 for more detailed guidance.

DETERMINATION

The grantee is deficient if progress reports do not contain the required information.

9. *Has the grantee submitted its Federal Financial Reports (FFRs) for ARRA grants on time?*

RELATED REVIEW AREA

3. Technical

EXPLANATION AND SOURCES OF INFORMATION

Grantees are required to submit FFRs for ARRA grants no later than 30 days after the end of each quarter.

DETERMINATION

The grantee is deficient if the FFRs for ARRA grants are late.

10. *Has the grantee correctly reported unliquidated obligations for ARRA grants?*

RELATED REVIEW AREA

3. Technical

EXPLANATION AND SOURCES OF INFORMATION

Refer to Section 3 Technical question 4 for more detailed guidance.

DETERMINATION

The grantee is deficient if it is not reporting unliquidated obligations for ARRA grants correctly.

11. *Does a review of ECHO documentation for ARRA grants verify adequate funds management procedures (i.e., adequate documentation, segregation of duties, no excess cash on hand)?*

RELATED REVIEW AREA

2. Financial

EXPLANATION AND SOURCES OF INFORMATION

The reviewer selects one ECHO transaction from each active ARRA grant. For those selections, the reviewer examines each underlying transaction, up to a maximum of five, to verify funds management procedures (i.e., adequate documentation, segregation of duties, and no excess cash on hand). Refer to Section 2 Financial questions 15 and 16 for more detailed guidance.

DETERMINATION

If the grantee does not maintain documentation adequate to support the ECHO draws, demonstrate sufficient internal controls, or disburse Federal funds within three business days of receipt, it is deficient.

12. *Does the grantee or a subrecipient intend to charge or has it charged indirect costs to ARRA grants? If yes, was a cost allocation plan approved prior to incurring costs?*

RELATED REVIEW AREA

2. Financial

EXPLANATION AND SOURCES OF INFORMATION

Refer to Section 2 Financial question 12 for more detailed guidance.

DETERMINATION

The grantee is deficient if it or a subrecipient has charged indirect costs to an ARRA grant without an approved cost allocation plan.

13. *Did the grantee record ARRA funded property at the correct Federal share (100 percent) in its property records?*

RELATED REVIEW AREA

4. Satisfactory Continuing Control

EXPLANATION AND SOURCES OF INFORMATION

Refer to Section 4 Satisfactory Continuing Control question 7 for more detailed guidance.

DETERMINATION

The grantee is deficient if its records are missing some of the required information, or if some information is not current, for ARRA funded equipment.

14. *If the grantee used ARRA funds to buy buses, does the spare ratio exceed FTA's 20 percent guideline for bus fleets of 50 or more revenue vehicles?*

RELATED REVIEW AREA

4. Satisfactory Continuing Control

EXPLANATION AND SOURCES OF INFORMATION

FTA will consider approving exceptions to a spare ratio requirement if the purchase of buses meets certain criteria, such as: the excess spare ratio would be temporary in nature, with it returning to within the 20 percent level within two-three years of delivery of the new vehicles, or the buses will "green" the fleet of the transit agency. Refer to [ARRA Pre-Award FAQs question 10](#) and to Section 4 Satisfactory Continuing Control question 15 for more detailed guidance.

DETERMINATION

The grantee is deficient if its spare ratio exceeds 20 percent and it will not meet the conditions stated in the grant approval.

15. *Do the ARRA funded procurements require an independent cost estimate (ICE)? If yes, how has the grantee developed the ICE and is it reasonable?*

RELATED REVIEW AREA

6. Procurement

EXPLANATION AND SOURCES OF INFORMATION

Grantees must develop an independent cost estimate before receiving bids or proposals. Refer to Section 6 Procurement question 16 for more detailed guidance.

DETERMINATION

The grantee is deficient if an independent cost estimate has not been developed and documented for ARRA funded procurements.

16. *Was a cost or price analysis done for ARRA funded procurements? How is the cost or price analysis documented?*

RELATED REVIEW AREA

6. Procurement

EXPLANATION AND SOURCES OF INFORMATION

Grantees must conduct a cost or price analysis in connection with every procurement action. Refer to Section 6 Procurement question 17 for more detailed guidance.

DETERMINATION

The grantee is deficient if a cost or price analysis was not performed for ARRA funded procurements.

17. *If an ARRA funded procurement was sole-sourced or a single bid was received, did the grantee perform a cost analysis and a sole source justification? How are these documented?*

RELATED REVIEW AREA

6. Procurement

EXPLANATION AND SOURCES OF INFORMATION

Grantees must perform a cost analysis and a justification for sole source procurements. Refer to Section 6 Procurement question 21 for more detailed guidance.

DETERMINATION

The grantee is deficient if a justification and cost analysis has not been performed for an ARRA funded sole source or single bid procurement.

18. *Has the grantee conducted any piggyback purchases with ARRA funds? If yes, is the appropriate documentation on file?*

RELATED REVIEW AREA

6. Procurement

EXPLANATION AND SOURCES OF INFORMATION

Refer to Section 6 Procurement question 22 for more detailed guidance.

DETERMINATION

The grantee is deficient if it has conducted an inappropriate piggyback for ARRA funded procurements.

- 19.** *Has the grantee considered ARRA funds in determining if it meets or exceeds the threshold for developing, submitting, or revising its DBE program? If yes, has it submitted a program for approval?*

RELATED REVIEW AREA

7. DBE

EXPLANATION AND SOURCES OF INFORMATION

Refer to Section 7 DBE question 2 for more detailed guidance.

DETERMINATION

The grantee is deficient if it now meets the threshold for submission of a DBE plan and has not submitted a program for approval.

- 20.** *Has the grantee submitted ARRA-specific Uniform Reports of DBE Awards or Commitments and Payments quarterly?*

RELATED REVIEW AREA

6. Disadvantaged Business Enterprise

EXPLANATION AND SOURCES OF INFORMATION

Each grantee that meets the threshold requiring it to have a DBE program must submit a Uniform Report of DBE Awards or Commitments and Payments on all activities, including ARRA, semi-annually. As stated in the FTA Dear Colleague Letter dated January 3, 2011, grantees that have received ARRA funds from FTA are also required to report on ARRA-specific

contracting activities. ARRA-specific DBE reports are due the 10th day after the end of each calendar quarter, the same date that Section 1512 reports are due. The requirement to report continues until all ARRA funded contracts are completed. As with the semi-annual DBE reports, no reporting is required for revenue rolling stock procurements. The first ARRA-specific DBE quarterly report is due January 10, 2011.

Beginning in 2011, grantees are able and encouraged to file DBE reports electronically using TEAM-Web.

During the desk review, examine the DBE files and TEAM-Web for correspondence regarding report submittals. During the site visit, obtain any outstanding materials.

Refer to Section 7 DBE question 6 for additional guidance.

DETERMINATION

The grantee is deficient if it has not submitted the ARRA-specific DBE reports quarterly or the reports are not complete.

- 21.** *Has the grantee considered ARRA funds in determining if it or a subrecipient meets or exceeds the threshold for developing, submitting, or revising its EEO program?*

RELATED REVIEW AREA

22. EEO

EXPLANATION AND SOURCES OF INFORMATION

Refer to Section 22 EEO questions 2 and 5 for more detailed guidance.

DETERMINATION

The grantee is deficient if it meets the threshold and has not submitted a program to FTA. The grantee is deficient if a subrecipient now meets the threshold for submission of an EEO program and has not submitted a program for approval to it.